

**STATEMENT
OF THE

ASSISTANT
SECRETARY OF DEFENSE FOR
RESERVE AFFAIRS

HONORABLE THOMAS F. HALL
BEFORE THE

PERSONNEL SUBCOMMITTEE
OF THE
SENATE COMMITTEE ON ARMED SERVICES

IN CONNECTION WITH
RESERVE COMPONENT ISSUES

MARCH 19, 2003
3:00 P.M.**

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Thomas F. Hall
Assistant Secretary of Defense for Reserve Affairs

Thomas F. Hall, a native of Barnsdall, Oklahoma, was sworn in as the fourth Assistant Secretary of Defense for Reserve Affairs on October 9, 2002. A Presidential appointee confirmed by the Senate, he serves as the principal staff assistant to the Secretary of Defense on all matters involving the 1.3 million members of the Reserve components of the United States Armed Forces. He is responsible for overall supervision of Reserve component affairs of the Department of Defense.



Mr. Hall is a retired two-star Rear Admiral having served almost 34 years of continuous active duty in the United States Navy. He is a distinguished and decorated Naval Aviator, who served a combat tour in Vietnam. He has performed in numerous high level staff, command, and NATO positions during his career. He commanded Patrol Squadron EIGHT, Naval Air Station Bermuda, and the Iceland Defense Force. His final military assignment was as the Commander/Director/Chief of Naval Reserve. His military awards include the Distinguished Service Medal, Defense Superior Service Medal, Legion of Merit, Air Medal, and various other personal and unit decorations. He was awarded the Order of the Falcon, with Commander's Cross, by the President of Iceland in recognition of his accomplishments and service as Commander Iceland Defense Force. He has been inducted into the Oklahoma Military Hall of Fame.

Mr. Hall attended Oklahoma State University for one year before entering the United States Naval Academy in Annapolis, Maryland. In 1963, he graduated from the Academy with a bachelor's degree in Engineering and was named as one of the top 25 leaders in his class, having commanded both the top Battalion and Company. He was, also, awarded the Brigade Intramural Sports Trophy. In 1971, he received a master's degree in Public Personnel Management from George Washington University. He graduated with highest distinction from the Naval War College; with distinction, from the National War College; and from the National Security Course at Harvard University. He was selected as a Fellow and served on the Chief of Naval Operations Strategic Studies Group.

Mr. Hall has served on the Boards of Directors of numerous nonprofit organizations that are supporting the needs of our veterans and citizens in general. Prior to returning to government service, Mr. Hall served as the Executive Director of the Naval Reserve Association for six years. The Naval Reserve Association is a 501 (c) (3) nonprofit veterans' organization that represents over 23,000 Naval Reserve officers, members, and their families.

Mr. Hall is married to the former Barbara Norman and they have one son, Thomas David Hall.

RESERVE AFFAIRS POSTURE STATEMENT

FY 2004

INTRODUCTION

Good afternoon Mr. Chairman and members of the subcommittee. Thank you for the invitation to testify before you today. Today, I will provide you with information to assist you in making the critical and difficult decisions you face over the next several months. This committee has been very supportive of our National Guard and Reserve members and on their behalf, I want to publicly thank you for all your help in strengthening our Reserve components. The Secretary and I appreciate it, and our military personnel are grateful. Thank you.

ASD/RA MISSION

The mission of the Assistant Secretary of Defense for Reserve Affairs (ASD/RA), as stated in Title 10 USC, is the overall supervision of all Reserve components' affairs in the Department of Defense. I take this responsibility very seriously because our Guard and Reserve perform vital national security functions and are closely interlocked with the states, cities, towns, and every community in America. During my short time in this position, I have made it my business to get out to the field—to see and listen to the men and women in our Guard and Reserve. My staff and I have spent time with them and we have listened carefully to their comments and concerns. We are continuing to closely monitor the impact of increased use of our Guard and Reserve members, their families employers.

These circumstances lead me to what I call “My Acid Test for the Guard and Reserve.” That is to “Ensure that the Guard and Reserve are: assigned the right mission; have the right training; possess the right equipment; are positioned in and with the correct infrastructure; are

physically, medically, and operationally ready to accomplish the assigned tasks; are fully integrated within the active component; and are there in the right numbers required to help fight and win any conflict!”

RESERVE COMPONENTS ARE FULL PARTNERS IN THE TOTAL FORCE

Because the Reserve components now comprise almost 50% of the Total Force, they are an essential partner in military operations ranging from Homeland Defense and the Global War on Terrorism to peacekeeping, humanitarian relief, small-scale contingencies and major crisis. The new defense strategy proposed in the Quadrennial Defense Review (QDR), calls for a portfolio of military capabilities. This capabilities-based approach will continue to find the Reserve components supporting the Active forces across the full-spectrum of military missions.

The fiscal year 2004 Defense budget recognizes the essential role of the Reserve components in meeting the requirements of the National Military Strategy. It provides \$31.3 billion for Reserve component personnel, operations, and maintenance, military construction, and procurement accounts, which is approximately 1% above the fiscal year 2003 appropriated level. Significantly, this is only 8.2% of the overall DoD budget, which represents a great return on investment. Included are funding increases to support full-time and part-time personnel, and the required sustainment of operations. It also continues last year’s effort toward RC equipment modernization and interoperability in support of the Total Force policy. These funds support nearly 863,300 Selected Reserve personnel. The Selected Reserve consists of the following: Army National Guard 350,000; Army Reserve 205,000; Naval Reserve 85,900, Marine Corps Reserve 39,600, Air National Guard 107,000, and Air Force Reserve 75,800, Coast Guard

Reserve 10, 000 (funded by DOT). Our total Ready Reserve, which also includes the Coast Guard Reserve, Individual Ready Reserve and Inactive National Guard is 1,190,009 personnel.

Maintaining the integrated capabilities of the Total Force is key to successfully achieving the Defense policy goals of assuring allies, dissuading military competition, deterring threats against U.S. interests, and decisively defeating adversaries. Only a well-balanced, seamlessly integrated military force is capable of dominating opponents across the full range of military operations. DoD will continue to optimize the effectiveness of its Reserve forces by adapting existing capabilities to new circumstances and threats, and developing new capabilities needed to meet new challenges to our national security.

COMPREHENSIVE REVIEW OF THE RESERVE COMPONENTS

The Reserve component (RC) continues to make significant and lasting contributions to the nation's defense. As the Total Force transforms to meet the challenges of today and the future, it is essential that the Reserve components be part of the transformation. Over the past year, my office has worked with other agencies inside and outside the Department to address how the contributions of the Guard and Reserve—in both new and traditional roles and missions—can enhance the capability of the Total Force. The report, titled “Review of Reserve Component Contributions to the National Defense,” establishes strategic principles to guide future structure and use of the Reserve components and proposes innovative management initiatives to meet the requirements. Some of our management initiatives were included as legislative initiatives listed later in this statement.

The report looks at ways to address the rebalancing of the Active and Reserve force mix and mission assignments to enhance capabilities and to develop management policies that are



more flexible. My staff is continuing to work hard to find ways and explore ideas to bring about meaningful change in the rebalancing effort and the process of developing transformational management policies that achieve that flexibility.

A Continuum of Service

A significant portion of the comprehensive review focused on the way we utilize the Reserve force. Building on the past successes to fully integrate the Active and Reserve forces, the next step is to make it easier for individual members to move back and forth between Active and Reserve service, and to leverage the strengths of the National Guard and Reserve. We call this the “continuum of service.” The concept behind a continuum of service sets aside the traditional definitions of Active and Reserve components and recognizes that service may range from full-time duty to individuals who are available in the event of mobilization but do not participate in military training or perform duty on a regular basis. In between these extremes is a pool of individuals who can be involved at any level of participation who may move along the continuum as circumstances in their lives and needs of the Department evolve, and who may move from part-time reserve to full-time active service and back, several times during a career. The advantages of such an approach are many:

- Service members could change the level of participation easily, and as a result, may be more likely to stay engaged and serve the Department at some level for a longer period of time.
- It would provide the Department with better access to and management of trained, skilled service members—the ability to capitalize on the investment it has made in individuals during the course of their career. It may also be possible to build new



pools of skilled talent at the “low end” of participation, such as military retirees, members of the Standby Reserve and the Individual Ready Reserve.

- It could help the Department attain skills and talented individuals from the civilian labor market. Increasingly, the civilian labor market contains people who may be able to arrange blocks of time away from school or job for active duty or extended duty in the Reserves.

The continuum of service offers a model for addressing the changing demographics of a workforce that is increasingly more educated and inclined to migrate between jobs in pursuit of enhanced career opportunities.

New affiliation programs

Our recently completed and soon to be released “Review of Reserve Component Contributions to the National Defense” identified specialized civilian skills and civilian-acquired skills as a Reserve component core competency. The study recommended several new forms of affiliation to attract individuals on a part-time basis for skills that may be hard to grow, train and retain in the regular force. This has led to several new initiatives.

For example, we have just succeeded in getting duty in the Guard or Reserve approved as one of the alternative forms of service-payback for recipients of information assurance scholarships that are now being awarded to college juniors and seniors who are pursuing a degree in information technology, as well as students working toward a post-graduate degree in fields relating to information assurance. This is a wonderful opportunity for people to pursue study programs at academic centers of excellence around the country in exchange for affiliation with the Guard or Reserve.

We have also introduced a business process improvement initiative to "fast-track" civilians, who have special training or qualifications, directly into the Individual Ready Reserve (IRR). These uniquely-skilled individuals could participate in the Reserves on a very limited basis, but would be available when needed for short periods of active duty or longer emergency situations to perform specific tasks. Medical, linguist, information technology and other technical skills are examples of those being considered for the IRR Direct Entry program.

We are also looking for ways to better partner with industry to further leverage civilian-acquired skills into the military. Such partnerships present opportunities to save or reduce overall training costs while providing the military with ready access to individuals with specialty skills and experience in cutting edge technology. We are currently working closely with the Department's spectrum management experts in Command, Control, Communications and Intelligence (C3I) to develop a pilot program that will allow us to establish a better partnership with the wireless industry in order to address our future radio frequency spectrum management needs. One of the options under consideration includes a Direct Entry program that carves out a portion of the IRR to perform duty on an intermittent basis as needs arise.

We are developing new policies that would require members of the Ready Reserve, especially the Selected Reserve, to provide the Department with limited information about their civilian employers. Having employer information will not only assist us in improving our employer outreach programs, but more importantly it will provide a better understanding during mobilization planning of the impact mobilizations will have on local communities and industries. The need for better employer-related information is a priority for us in the new threat environment we are facing. Additionally, obtaining accurate and current employer information

is critical for the Department to comply with our statutory responsibilities for continuous screening of Reserve units and individuals.

MOBILIZATION, CONTINGENCIES AND THE GLOBAL WAR ON TERRORISM

Today, we are in the midst of one of the longest periods of mobilization in our history. However one certainty remains - that when called upon, the men and women of the National Guard and Reserve will respond promptly and perform their duty. For the past 18 months, we have mobilized over 230,000 Reserve personnel, who are performing and have performed magnificently throughout the world. As we prepare to give the Nation more options in the Global War on Terrorism, additional Guardsmen and Reservists are being mobilized. We are managing these call-ups in a prudent and judicious manner, assuring fair and equitable treatment as we continue to rely on these citizen-soldiers.

As of March 5, 2003, just over 178,000 Reserve component personnel are on active duty - here at home and in every theater around the world supporting the Global War on Terrorism. They are providing a very broad range of capabilities, from Special Operations and Civil Affairs to personnel and finance support.

Morale is high. Reservists do not mind being called to active service and they respond positively to multiple call-ups as long there is meaningful work and we only keep them on duty for the absolute essential period of time. The men and women with whom I have spoken are proud of their involvement, fulfilling meaningful missions and contributing to the needs of their country. We know there is a clear correlation between job satisfaction and proximity to the action and it is our intent to make sure when we call Guardsmen or Reservists we assign them to the full range of military missions.

Reserve personnel (29,944) continue to provide the majority of force protection to military personnel and installations worldwide with 8,200 Army National Guard soldiers currently protecting Air Force bases. A good news story of cooperation between the Services, this extra effort has relieved some of the burden on the Air Reserve component members who have been on duty for over a year.

Our success in integrating the Reserve components into the Active force continues. It is now routine for the Army Guard to plan and execute Bosnia missions. They are scheduled to relieve the Active Army in Kosovo and have consistently maintained about 529 Guardsmen in the Sinai. The Army Reserve provides most of the logistics support in Kosovo.

The Guard and Reserve are important partners in daily military operations and will play a major role in any future operations while maintaining its traditional role as citizen soldiers providing the nation with strategic hedge.

Support to Mobilized Reservists

Taking care of our mobilized Guard and Reserve members and their families is a top priority for the Department. While we can draw on our experience from past call-ups, we continue to examine our policies and programs to ensure that our mobilized Reservists do not feel disenfranchised and that we have systems in place that support families.

- When the President authorized the mobilization of the Ready Reserve, the Department published detailed personnel policy guidance, which included a limit on the duration of initial orders to active duty of no more than 12 months to reduce disruption for Reservists, their families and their employers. Although we have had to extend Reservists into a second year of mobilization—most notably as security forces at Air

Force bases, it is worth noting that more have volunteered for a second year. More importantly, we are taking steps to minimize the number of Reservists who are involuntarily serving for a second year by taking a critical look at requirements, identifying alternative manpower resources and reviewing possible force structure changes. We have asked the Services to husband this valuable resource and consider the effect of mobilization on families and employers and to release their Reserve component members as soon as they have completed their mission.

- The Department also established a healthcare enhancement package, which is designed to reduce out of pocket expenses for Reserve family members and makes it easier for them to maintain continuity of care with existing providers.
- A comprehensive mobilization information and resources guide and a family “tool kit” are available on DefenseLink’s Reserve Affairs website for access by military members, families and employers. It is routinely updated to add information that is useful to mobilized Reservists and their families.
- The Department is also engaged in more in-depth studies to strengthen employer support, to review alternatives for ensuring continuity of healthcare for the families of Reservists and to more effectively address Reserve component quality of life concerns.

Screening and Key Employee Exemption Process

To preclude conflicts between Ready Reserve members’ military mobilization obligations and their civilian employment requirements during times of war or national emergency, the Department conducts a “screening” program to ensure the availability of Ready Reservists for mobilization. Once a mobilization is declared, all screening activities cease and

all Ready Reserve members are considered immediately available for Active Duty service. At this time, no deferments, delays, or exemptions from mobilization are granted because of civilian employment.

However, due to the unique situation that was created by the events of September 11th, the Department immediately recognized that certain federal and non-federal civilian employees were critically needed in their civilian occupations in response to the terrorist attacks on the World Trade Center and Pentagon. Accordingly, the Department established a special exemption process to help accommodate overall national security efforts.

This special exemption process provides for federal and non-federal agencies to submit mobilization exemption or delay requests for their employees, who are Ready Reservists, based on the critical nature of their civilian employment. The Department considers those requests on a case-by-case basis and accommodates those requests when it is able to and when it is in the best interests of the nation. While there have been over 1,000 requests from federal and non-federal agencies, we have worked with these agencies to reduce the number of cases actually adjudicated to just over 200. To date, these adjudications have resulted in 53 Reservists being exempted from mobilization, 88 mobilizations were delayed—typically for 90 days, and 51 requests were denied. We continue to process exemption requests and have several pending final decision.

RC Support to Civil Authorities

The National Guard has played a prominent role supporting local and state authorities in terrorism consequence management. At its core is the establishment of 32 Weapons of Mass Destruction Civil Support Teams (WMD CSTs), each comprised of 22 highly skilled, full-time,

well-trained and equipped Army and Air National Guard personnel. To date, the Secretary of Defense has certified 31 of the 32 teams as being operational and the remaining two teams are nearing certification.

The WMD CSTs will deploy, on order of the State Governor, to support civil authorities at a domestic chemical, biological, radiological, nuclear, or high yield explosives (CBRNE) incident site by identifying CBRNE agents/substances, assessing current and projected consequences, advising on response measures and assisting with appropriate requests for additional state and federal support. These 32 strategically placed teams will support our nation's local first responders as a state response in dealing with domestic incidents. The Reserve components WMD CST funding for FY2003 is \$136 million, and the budget request for FY 2004 is for \$135 million. In the 2003 NDAA, Congress directed the Secretary of Defense to develop a plan to establish an additional 23 WMD-CSTs, in order to have at least one in each state and territory.

The Department is also leveraging the capabilities of existing specialized Reserve component units for potential domestic use in support of civil authorities. During FY 2001, DoD completed the training and equipping of 25 Army Reserve chemical decontamination companies and 3 chemical reconnaissance companies to support civil authorities in responding to domestic incidents. This enhanced training and equipment will improve the readiness of these units to perform their war-fighting mission, while allowing them to respond effectively to a domestic emergency, if needed. A budget request of \$12.4 million is submitted for FY 2004 to continue training Army Reserve chemical soldiers to perform these domestic decontamination and reconnaissance missions and also to sustain specialized equipment. Some of this money will

also be used to provide training to Army Reserve medical soldiers that will better enable them to support a domestic medical response to a chemical, biological, radiological, or nuclear incident.

Medical

Nearly 50 percent of the Department's medical personnel are in the Reserve components, thus the Reserve components play a significant role in the federal response to any consequence management incident requiring assistance from the military. Although not considered first responders to civilian emergencies, the Active and Reserve component assets can provide a full-spectrum of medical support to the civilian community, up to and including definitive care facilities.

MANPOWER AND PERSONNEL

Recruiting and Retention

It is still too early into this mobilization to determine the long-term impacts on National Guard and Reserve recruiting. But through the first quarter of 2003, the Reserve components, in the aggregate, are within three percent of their recruiting goals. Attrition is below established ceilings and in line with 2001 and prior years.

All of the Reserve components achieved their authorized end strength in 2002. This represents a significant achievement in a very difficult recruiting environment. The Naval Reserve experienced an especially remarkable turnaround in strength achievement following several difficult years. During the years immediately following the Operation Desert Storm involuntary call-up, when nearly 266,000 personnel were activated, the Reserve components were still able to achieve 97 percent of their authorized end strength. In the aggregate, Reserve

component attrition has decreased to its lowest level in 16 years. However, this macro view of overall Reserve component attrition may mask problems in high demand units, so we must continue to focus on attrition in units that have been used frequently to support contingency operations. We must also continuously monitor the effects of Stop Loss and other factors affecting career decisions.

Historically, the recruiting market for the Reserve components has been a mix of prior service personnel who recently separated from active-duty and individuals with no previous military experience. Both market segments now present significant recruiting challenges. A smaller active force (36% smaller than in 1989) means a smaller number of prior service military members available for the Reserve force—a force that is only 26% smaller than in 1989.

The Reserve components previous year's success at achieving their end-strength objective in the face of these challenges was due to exceptional efforts by our Guard and Reserve recruiters and excellent retention by all components. Moreover, the quality of recruits increased overall with several components realizing significant quality improvement in both high school diploma graduates and mental aptitude categories. All components achieved or exceeded the DoD benchmark for upper mental aptitude group accessions.

In achieving this level of success, the components used a combination of tools that included: an increase in the recruiter force, expanded bonus programs, enhanced advertising campaigns, increased focus on retention resources, and increased use of the Montgomery G.I. Bill-Selected Reserve kicker benefit.

For 2003, all Reserve components are continuing to focus their efforts on maintaining aggressive enlistment programs by targeting both enlistment and re-enlistment incentives in critical skill areas. Emphasis will be placed on the prior service market for both officers and

enlisted personnel. The Reserve components will expand their efforts to contact personnel who are planning to separate from the Active component long before their scheduled separation and educate them on the opportunities available in the Guard and Reserve. In addition, the Reserve components will increase their efforts to manage departures.

Compensation Issues For Guard and Reserve Personnel

In 2003, we are examining compensation programs for Reserve component members. The current and anticipated military environments require employment of Reserve forces in ways not imagined when current compensation programs were designed. Current thresholds for housing allowances, per diem, some special skill and duty pays, and a range of benefits may not fully support the manner in which Reserve component members may be employed in the future. Compensation programs must be sufficient to attract and retain capabilities to meet continuous, surge and infrequent requirements. As we examine options and formulate alternatives, we will adjust DoD regulations and include proposed statutory changes as part of the Department's legislative program.

Health Care Enhancements

Dependents of Reserve component members who are ordered to active duty for more than 30 days are eligible for TRICARE Standard or Extra—and for TRICARE Prime if the member is ordered to active duty for more than 179 days. Recognizing that changing healthcare systems can be disruptive, the Department developed and the Secretary approved a new TRICARE Demonstration Program specifically to assist mobilized Reservists with the transition to TRICARE. The Demonstration Project is designed to reduce out of pocket expenses for

Reserve family members and to make it easier for them to maintain continuity of care with existing providers.

The Demonstration Project provides for three important enhancements for mobilized Reserve members. First, it waives the annual deductible (up to \$300 per family) for those members who do not or cannot enroll in TRICARE Prime. Second, the requirement to obtain a non-availability statement to receive inpatient care outside a military treatment facility is waived so Reserve family members can maintain continuity with their existing local providers, if they wish. Finally, the Department will pay up to 15% above TRICARE maximum allowable charges for family members receiving care from providers not participating in TRICARE, who bill in excess of TRICARE maximum allowable charges.

The TRICARE Dental Program, which was implemented in February 2001, offers Reservists and their families a comprehensive and affordable dental program. The normal minimum 12-month service commitment to enroll in this program is waived for Reserve members ordered to Active duty in support of a contingency operation such as Noble Eagle and Enduring Freedom. In an effort to reach out to family members, we are developing educational tools such as brochures and command briefings, establishing a toll-free number for Reserve component families, and constructing a Reserve component TRICARE website, all specifically designed to help Reservists and their families make informed choices about their healthcare options.

Family Readiness

One of the lessons learned from the Persian Gulf War was the need to improve family readiness within the Guard and Reserve. Our first initiative was the 1994 publication of a DoD

Instruction that provided the framework for improving Reserve component family readiness.

The next major milestone was publication of the first-ever Guard and Reserve Family Readiness Strategic Plan 2000 – 2005, which was developed through the collective efforts of the Office of the Secretary of Defense (OSD) staff, the military Services, and family readiness program managers. In addition to serving as a blueprint for providing greater support to National Guard and Reserve families and assisting in coping with the stresses of separations and long deployments, the plan established a clean link between family readiness and unit mission readiness.

Beginning in 2002 the OSD Office of Family Policy, Reserve Affairs, the Services and numerous federal agencies have been meeting regularly in a Joint Service Family Readiness Contingency Assessment Working Group. The group representatives work to anticipate challenges and disseminate information during ongoing operations such as Noble Eagle and Enduring Freedom. The foundation for support of family members lies in the preparation and education of professionals and family members alike well before a Reservist is called to active duty or actually deployed. The ability of Reserve component members to focus on their assigned military duties is directly affected by the confidence a member has that his family can readily access family support services.

From our previous survey of spouses of deployed Reserve component members, we know that information and communication are essential to Reserve families. In addition to information concerning their deployed spouse, family members request information on available benefits, services, and programs, to include locations of commissaries, exchanges, healthcare and other facilities.

Our “Guide to Reserve Family Member Benefits” is designed to inform family members about military benefits and entitlements, including medical and dental care, commissary and exchange privileges, military pay and allowances, and reemployment rights of the service member. Additionally, a Family Readiness Event Schedule was developed to make training events and opportunities more accessible for family support volunteers and professionals. It also serves to foster cross-Service and cross-component family support, which supports the desired end-state of any service member or family member being able to go to a family support organization of any Service or component and receive assistance or information.

The family readiness “tool kit” is available to assist commanders, service members, family members and family program managers with pre-deployment and mobilization information.

Personnel and Pay Information Technology Initiatives

The evolving missions and operations of the Department are creating a wider gap between current system capabilities and the Department’s policy and process needs. Existing systems require improvement to fully support the needs of current operations and to provide seamless support to Active, Guard and Reserve mobilization or multi-component operations. The Defense Integrated Military Human Resource System (DIMHRS) will provide an opportunity to plan, develop and implement military personnel and payroll modernization with the overall DoD objective of establishing an integrated military personnel and pay system. The goal of DIMHRS is to provide the Services and their components the capability to effectively manage their members across the full operational spectrum—during peacetime and war, capturing accurate and timely data as members move between duty statuses such as mobilization

and demobilization. The system will support the full range of personnel life-cycle activities from accessing members to separation or retirement. Key functions include ensuring proper pay and benefits, tracking personnel in theater, and transferring individuals to other Services or components. DIMHRS design will include the capability for rapid implementation of system changes to support emerging requirements.

Employer Support

The National Committee for Employer Support of the Guard and Reserve (ESGR) is a Department of Defense Field Operating Activity, first chartered in 1972. Its mission is to gain and maintain active support from all public and private employers for the men and women of the National Guard and Reserve as defined by demonstrated employer commitment to employee military service. We provide a bridge between employers and their employees that serve in the Reserve components. Its role is to ensure the transition from civilian employee, to military member, then back to civilian employee is as smooth as possible.

ESGR Headquarters, located in Arlington, Virginia, is a multi-service organization composed of Active Duty, National Guard and Reserve component members. We work with a community-based volunteer network of 55 committees with over 4,200 members. These local committees are in every state, the District of Columbia, Guam, Puerto Rico, Europe, and the Virgin Islands.

There are about 1.3 million men and women in the Guard and Reserve. This figure represents nearly 50% of our total military strength; that's 50%, almost half of the force trying to balance military duty with civilian employment. This critical balance, between military commitments and civilian job commitments, is why it is so important for all reservists to have

the support of their employers. Developing and sustaining this support is the reason ESGR was established.

ESGR programs and services help educate employers and community leaders about the important role the National Guard and Reserve play in a strong national defense. Other programs educate Reserve component members concerning their employment and reemployment rights relative to military service, and the actions they can take to build and foster good relations with their employers. We strive to build and strengthen the employer/employee partnerships essential to ensuring that Reserve component members are available and ready when needed. ESGR, along with top military leaders, develops solutions to problems that arise because of employee participation in the National Guard and Reserve.

The Statement of Support Program highlights the public signing commitment by an employer of a statement pledging to publish and implement personnel policies supportive of employee service in the National Guard and Reserve. The signing of a Statement of Support clearly demonstrates the employer understands the importance of the Guard and Reserve and, even more importantly, it sends a clear signal to reservists that their participation in the Guard and Reserve does not put their civilian job at risk. 44 Forty-four Governors have signed Statements of Support and 2 more are scheduled to sign very soon. Many nationally known companies have also signed Statements of Support, to include Goldman Sachs, UBS Paine Webber, NYSE, American Stock Exchange, NASDAQ, NASD, Dell, Oracle, Pfizer, Xerox, Tyson Foods, Commonwealth Edison, Boeing, and numerous others, as have hundreds of small and mid-sized companies.

Briefings with the Boss (BWBs) bring together employers, unit commanders, ESGR members, and community leaders to discuss military topics in general and issues relevant to

employee participation in the National Guard and Reserve in particular. BWBs are a tremendous forum for building rapport and support at the local level for Reserve component participation. A companion employer outreach program, Bosslifts, transport employers and supervisors to military training sites where they observe their employees as Guard and Reserve members on duty, performing training missions or essential military taskings.

ESGR's employer awards recognition program centers on Reserve component members nominating their supervisors or their companies for recognition for their support. As the first level award, the "My Boss is a Patriot" award recognizes supervisors and employers who support National Guard and Reserve employees, and who practice at least those personnel policies required by law to support employee participation in the Reserve components. From these "My Boss is a Patriot" award nominees, state local committees select candidates for higher-level state awards culminating in the and for consideration for the National Committee's Employer Support Secretary of Defense Freedom Award. The Employer Support Secretary of Defense Freedom Award was established in 1996. This award recognizes the nation's top employers who have provided outstanding support to their National Guard and Reserve employees far outreaching what is required by law. Each year the Secretary of Defense recognizes up to five employers with this prestigious award during a formal ceremony in Washington, DC. The following employers were selected as Employer Support Freedom Award winners in 2002:

Region	Organization
Southeast	United Parcel Service Airlines -- Kentucky
North Central	General Dynamics Land Systems -- Michigan
Northeast	Public Service Co. of New Hampshire -- New Hampshire

West	Autoliv, Inc. , -- Utah
South Central	State of Wyoming -- Wyoming

In addition to the Employer Support Freedom Awards, two “Home Front Awards” were also presented this year to Wal-Mart and Dell Computer for their outstanding support of their employees who were specifically called up for Operations Noble Eagle and Enduring Freedom.

ESGR’s Military Member Support and Ombudsman Services Directorate provides an informal mediation service to assist in resolving employer/employee conflict relative to participating in the National Guard and Reserve. The Ombudsman staff has been averaging over 500 calls a week since the end of the first week in January of 2003. This is an increase of nearly 100% over the call volume received in previous months. Most of the calls today concern Reserve component members being mobilized. The real test will come when Reservists and Guardsmen return and are demobilized, looking to return to the civilian jobs they left when called to serve their country.

The Uniformed Services Employment and Reemployment Rights Act, Title 38 USC, Chapter 43, commonly referred to as (USERRA), outlines the employment and reemployment rights of service members. This Federal law, among other things, provides the legal basis for employment and reemployment rights of Reserve component members called to serve their country in an active or inactive duty status, as a volunteer or as non-volunteer. The Ombudsmen strive not to use the law as a threat when mediating conflict, preferring instead to find the common ground of fair play. The law does provide the basis for explaining minimum legal requirements to both the Reserve component members and their employers.

Our Marketing and Employer Services Directorate is charged with developing awareness of ESGR and its services in the public and private employer communities. With the recent recognition that nearly 30% of all Reservists are engaged in some form of higher education, the community of higher education institutions has recently been added as an additional target audience, as well. In January of 2003 the Marketing team released a 2-minute Video News Release focused on these target audiences. This release is a pre-packaged story featuring interviews with Montgomery County MD Police Chief Charles A. Moose (who is also a Major in the Washington, DC, Air National Guard), and Dick Grasso, Chairman and CEO of the NY Stock Exchange. Key messages of the release alert employers to the USERRA law and the reasons employer support of Guard and Reserve is vital to our national defense.

ESGR has is increasingly proactive in creating forums of exchange between business leaders and Reserve component commanders to identify and resolve areas of potential friction. In addition to an airline industry symposium that has been ongoing for several years, we organized two general employer symposia in 2002, and in February 2003 brought together a symposium for “First Responders” (Law Enforcement, Corrections Officers, and Fire Fighters) Law Enforcement and first responders. The response to these symposia has been extremely positive, and is leading to improved dialogue and better understanding between all parties affected by Reserve component mobilizations

Despite the increased utilization of our Reserve forces since the events of September 11th, for the Global War on Terrorism and the obvious impact that the call up of more than 200,000 Reservists has had on our nation’s employers; they have responded in overwhelmingly positive fashion. Many employers have extended benefits for their Reservists mobilized to support Operation Enduring Freedom and Noble Eagle, provided pay differential while they serve,

continued their civilian health programs, and given both financial and moral support to their families, wives and children. Although many communities have been impacted, the dominant response has been to pull together and make it work, and to stand behind those called to serve. Our nation's employers have overwhelmingly supported the Guard and Reserve in this war on terrorism throughout this challenging time in our nation's history, and we are extremely appreciative of their support to the nation and to those men and women who are engaged in this effort.

TRAINING

Training, based on tough, demanding and relevant performance standards is the cornerstone of readiness and dominance of our Armed Forces in today's evolving world. As a fundamental pillar of readiness, the quality of training directly affects our ability to fight and win, particularly in the rapidly changing environment of the Global War on Terrorism and the compressed lifecycles of new equipment technologies.

Training must evolve to a lifelong, continuous learning environment that also provides as needed, anywhere-anytime learning to improve and enhance job performance. Training for dominance in future conflicts will depend on dedicating scarce resources of time, funding and availability of our Reserve component personnel, to training that aggressively exploits technology and provides both traditional school-house and distributed performance-enhancing training. Realizing that our Reserve component personnel now comprise almost 50% of the Total Force and are full partners in the prosecution of the Global War on Terrorism, we are working to ensure that the Reserve component is fully integrated in DoD's Training Transformation initiatives.

Cutting edge opportunities are more available for Reserve component training than ever before. They include deployment of mobile classrooms that, through global reach-back capability, can provide training from subject matter experts, embedded interactive modeling and simulation in weapons platforms and other equipment that enable “see, learn, do” training reinforcement.

This focus on distributed learning strategies and employing more robust communications tools will continue to pay great dividends for the Total Force. The FY02 National Defense Authorization Act, which included changes to Title 37, will allow our Reservists to receive compensation for completion of electronic distributed learning curricula, adding significantly to the opportunities of our personnel to embrace these concepts. We are currently undertaking a study to develop policy recommendations for the implementation of a Department-wide compensation policy for the completion of necessary training.

An important part of training is the ability of our forces to operate effectively and efficiently in a joint environment with other governmental agencies and within a multinational framework. Ultimately, these joint opportunities, with Reserve component personnel fully involved, will result in a significantly improved overall capability of our Armed Forces.

With the use of technology, innovative concepts and improved joint training experiments, we can sustain the well-deserved reputation as the best equipped, best trained and best led Reserve components and military in the world.

CIVIL MILITARY PROGRAMS

In support of the President's call for Americans to serve, the Department continues to fund two youth outreach programs, Challenge and STARBASE. Both programs help improve

the lives of children by surrounding them with positive civilian and military role models and helping them not just dream big dreams, but achieve them. The budget request for FY 2004 is \$65.2M for Challenge and \$13.8M for STARBASE.

Operating in 25 states, the Challenge program has successfully given young high school dropouts the life skills, tools and guidance they need to be productive citizens. The STARBASE program, operating at 44 military facilities located in 27 states, the District of Columbia and Puerto Rico, has enhanced military-civilian community relations and reached approximately 300,000 young children. Active, Guard and Reserve members volunteer their time to the STARBASE program in order to provide a military environment/setting in which local community youth, especially the disadvantaged, are provided training and hands-on opportunities to learn and apply mathematics, science, teamwork, technology, and life skills. These two successful DoD outreach programs were identified in support of the USA Freedom Corps effort to provide opportunities for Americans to become more involved with serving their communities.

The third Civil Military program is the Innovative Readiness Training (IRT) program. IRT is similar to the overseas deployment exercise program in that it provides valuable military training that is compatible with mission essential training requirements. IRT projects help address serious community needs within the 50 states, U.S. territories and possessions. The program is a partnership effort between local communities and Active, Guard and Reserve units. Individuals and units involved are primarily from medical, dental, and engineering career fields.

All IRT projects are compatible with mission essential training requirements. IRT projects must be conducted without a significant increase in the cost of normal training and are

designed to enhance training in a real world scenario without deploying overseas. Program expenditures for FY 2003 are \$30.9 million. The budget request for FY 2004 is \$20.0M.

EQUIPMENT AND FACILITY READINESS

National Guard and Reserve Equipment

The FY 2004 budget includes \$1.56 billion to procure needed equipment for the Reserve components. In the past the Reserve components relied on cascaded equipment from the Active to help with shortfalls, however, given the fact that the majority of the support functions are in the Reserve components there is little equipment available to flow from the Active component. We are convinced that only by the continued equipment modernization of our Reserve forces will the Department reap the full potential of a capabilities based force in the future.

Key equipment items planned for the Reserve components included in the FY 2004 President's Budget request are:

- Army National Guard and the Army Reserve: Global Air Traffic Management aircraft modifications, airborne communications, HMMWV, Family of Medium Tactical Vehicles (FMTV), Family of Heavy Tactical Vehicles (FHTV), data distribution systems, float ribbon bridges, tactical bridging, generators, and rough container handling systems.
- Air National Guard and Air Force Reserve: Aircraft modifications for the F-16, C-5, C-130, KC-135 and H-60, common aircraft support equipment, vehicles, air traffic control systems, tactical communications, and base communications infrastructure.
- Naval Reserve: C-40 aircraft, tactical vehicles, and mobile sensor platforms.
- Marine Corps Reserve: High mobility artillery rocket system, towed howitzer, night vision equipment, and materiel handling equipment.

National Guard and Reserve Facilities

Military Construction

The FY 2004 military construction investment for new facilities affecting all Reserve components is \$369 million and represents approximately 3.8 percent of the overall military construction requests of \$9.5 billion. The President's Budget request will provide new Armed Forces Reserve Centers, vehicle maintenance facilities, organizational maintenance shops, and aircraft maintenance facilities for the Reserve component missions. These new facilities begin to address the needed replacement of the Reserve components' infrastructure in support of military transformation programs. The FY 2004 budget request continues the Department's efforts to improve the quality of life for the Guard and Reserve which for the Reservist is not normally housing and barracks but rather where they work and train.

Sustainment, Restoration, and Modernization

The Reserve components' FY 2004 facility sustainment, restoration, and modernization (SRM) request is approximately \$800 million. Even with the Department's commitment toward restoring and modernizing existing facilities, the Reserve component's recapitalization rate ranges from 12 years to as high as 475 years. The FY 2004 requests reflect a concerted effort by the Department to reduce the SRM backlog and improve the Guard and Reserve facility readiness rating.

Environmental Program

The installation environmental programs managed by each Reserve component continue to be a good news story of professionalism and outstanding efforts to protect, preserve, and enhance the properties entrusted to the Reserve forces. The FY 2004 environmental programs are budgeted at \$253.6 million, which includes \$125.2 million for environmental compliance requirements that provide 75 percent of the overall validated Reserve and National Guard environmental requirements for FY 2004.

Joint Construction Initiatives

The Reserve components are at the forefront of creating innovative ways to manage scarce MILCON dollars. They continue to pursue land exchanges and joint construction, wherever practicable. Joint construction is the practice of building one consolidated facility that fills the needs of two or more components. If we are to organize as a capabilities-based force, then our infrastructure should be designed to support that concept, also. Jointly constructing facilities of similar functions and eliminating the need for multiple buildings in the same geographic area, helps to transform our infrastructure toward operational capabilities and efficiencies. The savings and benefits of joint construction go far beyond the concept, intuitively. Most would agree one building costs less than two of similar size and function, but the benefits extend to reductions in force protection, sustainment dollars, contracting costs, and cross-service cultural understandings. I thank the Congress for their support of this effort and will continue pursuing more land exchanges and joint construction opportunities in the future.

Legislative Initiatives included in the Omnibus Submission

Sec 511 – Ready Reserve participation requirement specifies a minimum of 38 days of participation (exclusive of travel) each year.

Sec 512 – Streamlines the process to continue officers on the Reserve active status list.

Sec 513 – Extends the authority to the Federal Long term Care insurance program to “Grey Area Retirees.”

Sec 562 – Provides for a reduction of the basic training requirement for certain credentialed individuals e.g., medical, health care profession or occupation, or those accessed through a direct entry program.

Sec 563 – Provides the option for a reduced military service obligation for certain individuals with specialized skills to be accessed in a direct entry program.

Sec 564 – Authorizes the IRS to release taxpayer address information on members of the Reserve components to the Services for use in mobilization.

Sec 614 - Extends hostile fire and imminent danger pay to Reserve component members on inactive duty under certain conditions to ensure eligibility based on the nature of the danger faced, not based on the duty status they serve in.

Sec 618 - Extends the Ready Reserve enlistment and reenlistment bonus authorities that allow the Reserve components to target individuals who possess skills that are under-subscribed, but are critical in the event of mobilization.

Sec 1007 - Establishes permanent reimbursement for Guard and Reserve personnel providing intelligence and counterintelligence support to DoD.

Sec 1010 - Permits DoD to allocate funds for Reserve component Special Operations activities related to clearance of land mines.

Sec 1105 - Allows position vacancy promotions in time of war or national emergency when the member is not mobilized with his or her unit.

Sec 1106 - Provides 22 workdays of military leave for federal civilian employees when serving in support of a contingency operation.

CONCLUSION

This Administration views a mission-ready National Guard and Reserve as a critical element of our National Security Strategy. As a result, the National Guard and Reserve will continue to play an expanded role in all facets of the Total Force. While we ask our people to do more, we must never lose sight of the need to balance their commitment to country with their commitment to family, and to their civilian employer.

Thank you very much again for this opportunity to testify on behalf of the greatest Guard and Reserve force in the world.